



PRODUCTION HIGHLIGHTS

Gold Produced

30 Jun 2013	61,973 oz
31 Mar 2013	47,509 oz
30 Jun 2012	61,835 oz

Total Cash Costs (incl. Royalty)

30 Jun 2013	US\$824/oz
31 Mar 2013	US\$1,051/oz
30 Jun 2012	US\$743/oz

Average Gold Price Received

30 Jun 2013	US\$1,423/oz
31 Mar 2013	US\$1,625/oz
30 Jun 2012	US\$1,608/oz

SECURITIES

As at 30 June 2013

Ordinary shares	152,191,905
Unlisted options	4,833,334
Deferred Rights	287,711
Performance Rights	343,410



*Cleaning up new doré bars,
Chatree gold mine, Thailand*

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Gavin Thomas
Gavin Thomas, MD & CEO

30 July 2013

KEY POINTS

- ◆ Record Group quarterly gold production of 61,973 ounces at a total cash cost of US\$824/ounce.
- ◆ Full year Group gold production was in-line with guidance of 200,000 ounces.
- ◆ Second-highest quarterly gold production from Chatree of 46,053 ounces at a total cash cost of US\$686/ounce.
- ◆ Chatree Mineral Resources to 30 April 2013 increased by 9% to 4.03 million ounces of gold and Ore Reserves to 30 April 2013 increased by 13% to 1.82 million ounces gold, mainly due to a successful drilling campaign initiated during the year.
- ◆ A strategic review of operations at Challenger resulted in a restructure of the mine plan to focus on the higher grade Challenger West ore body.
- ◆ Cost cutting initiatives are being implemented across all areas of the company with savings of over A\$25 million across the Group. These initiatives include a planned effective 20% reduction in Senior Executive remuneration and a 10% reduction in Director's fees.
- ◆ Environmental Impact Assessment (EIA) approval received for the Nueva Esperanza project.

GROUP OPERATING SUMMARY

Operation	June Quarter 2013		March Quarter 2013		Year to Date FY2013	
	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)	Production (ounces)	Total Cash Costs (US\$/ounce)
Chatree	46,053	686	30,609	923	133,681	767
Challenger	15,920	1,215	16,900	1,278	66,216	1,135
Total	61,973	824	47,509	1,049	199,897	888



JUNE QUARTER OVERVIEW

Group gold production for the June quarter was a record 61,973 ounces at total cash costs of US\$824/ounce. The production level reflects a very strong quarter from Chatree benefiting from higher grade and recovery offset by lower production from Challenger.

Gold sales in the quarter were 59,000 ounces at an average gold price received of US\$1,423/ounce.

OPERATIONS

CHATREE GOLD MINE

Chatree gold production of 46,053 ounces gold in the June quarter was the second highest on record and 50% higher than the March quarter. Mining progressed well during the quarter with a gold grade of 1.01 grams per tonne ("g/t") milled for the quarter reflecting the impact of the higher grade ore from the bulk metallurgical sample taken from Q Prospect.

Total cash costs of US\$686/ounce (including US\$112/ounce royalty) were 26% lower than the March quarter reflecting higher production due to processing higher grade ore and higher recovery. Total production costs after depreciation and amortisation for the June quarter were US\$889/ounce, a 22% reduction against the March quarter.

Capital expenditure for the quarter at Chatree was A\$5.7 million, with an additional A\$4.4 million on TSF #2. This was around A\$3 million higher than the previous quarter, reflecting a number of one-off expenditures including an environmental bond and land purchases.

Resources and Reserves Upgrade

Chatree has upgraded its Mineral Resource and Ore Reserve estimates to 30 April 2013 following a successful drilling campaign within the mining leases. Chatree Mineral Resources are estimated at 4.03 million ounces gold, an increase of 9% after mining depletion compared to the June 2012 estimate of 3.81 million ounces gold. Ore Reserves increased by 13% to 1.82 million ounces gold after mining depletion and an increase in cut-off grade from 0.30g/t to 0.35g/t gold compared to 1.73 million ounces gold in 2012. (Full details are available in a separate ASX release on 29 July 2013).

CHALLENGER GOLD MINE, SOUTH AUSTRALIA

Gold production at Challenger was 15,920 ounces for the June quarter, a 6% decrease over the March quarter. Performance was restricted by low equipment availability underground and higher dilution than expected at the lower levels in the mine with only a single higher grade stope available at Challenger West during the quarter.

Total cash costs for the quarter at US\$1,215/oz. (including royalties), compared to US\$1,278 in the March quarter. Total production costs, after depreciation and amortisation, were US\$2,380/ounce, an increase of \$154/ounce against the March quarter.

Higher depreciation and amortisation charges for the quarter reflect amortisation of the high cost development at the base of the mine below the '79 Fault.

During the quarter, Challenger underwent a strategic review in response to the volatility in the gold price and its operating performance over the past 12 months. The review resulted in a new mine plan to focus principally on the higher grade Challenger West ore body, effectively lowering overall costs to enable the mine to be cash flow positive below current spot prices. The move to a new mining contractor (ByrneCut) with a new contract structure, lower manning and reduced underground development will also contribute to a lower cost base.

Capital expenditure at Challenger for the quarter includes mine development of A\$3.8 million at Challenger Main (including Challenger Deeps) and A\$9.3 million at Challenger West.

DEVELOPMENT PROJECTS

NUEVA ESPERANZA SILVER/GOLD PROJECT

Nueva Esperanza project work continued during the quarter with the scoping study into the alternative heap leach development route well advanced. Initial conclusions from the study support current expectations of a significant reduction in both capital and operating costs.

Metallurgical testwork of Arqueros and Chimberos ores indicate their amenability to heap leaching with silver recoveries of between 78% (Arqueros) and 70% (Chimberos).

Modelling of the Chimberos resource is well advanced following completion of the reverse circulation and diamond drilling during the quarter. This is expected to result in a modest increase in the size of the deposit and an increase in the gold grades.

Subsequent to the end of the quarter, Kingsgate received notification that the Environmental Impact Assessment (EIA) submission for the original Arqueros Project (now re-named Nueva Esperanza) had been approved by the Chilean Government. The EIA covers all environmental and social impacts and is a key element in the development of the project.

Kingsgate has implemented significant cost saving initiatives during the quarter including reducing the project workforce by 60% and finalising several project workstreams. Expenditure during the current fiscal year is expected to be significantly less than that experienced in the last 12 months.

Total feasibility and assessment expenditure for the quarter at Nueva Esperanza was A\$2.4 million.

BOWDENS SILVER PROJECT, NEW SOUTH WALES

Engineering and permitting work continued at Bowdens during the quarter, focussing on the Definitive Feasibility Study (DFS) and various aspects required for completion of the Environmental Impact Statement (EIS).

The DFS has reached an advanced stage and preliminary indications support the technical robustness of a project designed with a throughput of 4 million tonnes per annum and +10 year mine life, with initial production rates of 8-9 million ounces per annum of silver equivalent. Furthermore, an expected low strip ratio and higher grade near-surface mineralisation are expected to positively impact overall project economics.

The environmental and permitting work is being expanded to include additional requests made by the NSW Planning Department and the impact of any potentially adverse outcomes resulting from two recent NSW Land & Environmental Court rulings regarding mining projects in New South Wales.

Given the longer time period now expected for completion of the EIS, combined with recent volatility in the silver price, the decision has been taken to phase expenditure required to finalise the DFS and any associated technical work in order to align with the timing of the EIS. As a consequence the DFS is now not likely to be finalised before mid-2014. Therefore, it is anticipated that expenditure on the Bowdens project during the current fiscal year will be significantly reduced relative to what was incurred during the 2012/13 year.

Total project expenditure for the quarter at Bowdens was A\$3.0 million.

EXPLORATION

During the quarter exploration activity was scaled back as non-essential expenditure was curtailed in response to the drop and ongoing volatility in the gold price.

Total regional exploration expenditure for the Group over the quarter was A\$0.5 million.

CORPORATE

Kingsgate has implemented cost saving initiatives through its "Kingsgate Lean" program across all its operating and development projects as well as its administrative functions and exploration activities. This is in response to recent volatility in gold and silver prices. Kingsgate expects to generate cost savings of over A\$25 million from these initiatives. These initiatives include a planned effective 20% reduction in Senior Executive remuneration and a 10% reduction in Director's fees. A detailed summary is included in the Corporate section of the report.

Following the recently announced restructure at Challenger, the mine is forecast to be cash flow positive below current spot gold prices after the September quarter transitional mining period. However, to provide greater certainty to the operating plan, and to minimise revenue risk, a hedging program has been implemented for the next 12 months with 50,000 ounces of gold at a delivery price of A\$1,435/ounce. The planned operational changes at Challenger are likely to result in a significant non-cash impairment charge against the current carrying value of Challenger in the order of A\$320 million.

At the end of March quarter cash and bullion/dore totalled A\$54.8 million, comprising cash of A\$41.0 million and bullion/dore of A\$13.8 million. Kingsgate also had the following debt outstanding; the fully drawn Akara loan facility of US\$125 million and a further A\$20 million drawn on Kingsgate's corporate facility. In addition, Kingsgate has a A\$35 million convertible loan outstanding.

Kingsgate currently reports operating costs in-line with the Gold Institute Standard. Following the recent release of the guidance note from the World Gold Council on "all-in sustain costs" and "all-in costs" Kingsgate is reviewing these metrics and considering implementing them from the September Quarter of 2013/14 fiscal year.

OUTLOOK

Total gold production guidance for Kingsgate for the financial year 2014 is estimated to be 190,000 and 210,000 ounces. This includes 120,000 to 130,000 ounces from Chatree that is expected to perform in line with 2013 and 70,000 to 80,000 ounces from Challenger, an improvement on fiscal 2013 production, following the implementation of the new mining plan.

OPERATIONAL PERFORMANCE

		June Quarter 2013			March Quarter 2013			Year to Date FY2013		
		Chatree	Challenger	Consolidated	Chatree	Challenger	Consolidated	Chatree	Challenger	Consolidated
Production Summary										
Ore Mined	BCM's	754,526			577,594			2,708,634		
Waste Mined	BCM's	728,276			825,832			3,521,003		
Waste to Ore Ratio		1 : 1			1.4 : 1			1.3 : 1		
Ore Mined	tonnes	1,958,441	155,623	2,114,064	1,500,665	129,647	1,630,312	7,051,488	502,288	7,553,776
Ore Treated	tonnes	1,553,271	152,183	1,705,454	1,599,913	136,351	1,736,264	5,699,014	556,631	6,255,645
Head Grade - Gold	Au g/t	1.01	3.47	-	0.87	4.02	-	0.90	3.91	-
Head Grade - Silver	Ag g/t	13.1	-	-	10.3	-	-	11.9	-	-
Gold Recovery		84.1	94.4	-	75.5	94.4	-	79.9	94.5	-
Silver Recovery		48.8	-	-	39.8	-	-	45.5	-	-
Gold Poured	ounces	46,053	15,920	61,973	30,609	16,900	47,509	133,681	66,216	199,897
Silver Poured	ounces	325,728	956	326,684	202,381	758	203,139	1,000,569	3,466	1,004,035
Financial Summary										
Cost Summary										
Mining Cost	US\$/oz	263	616	354	418	655	502	382	540	434
Milling Cost	US\$/oz	324	342	329	488	365	444	392	356	380
Administration & Other	US\$/oz	45	167	77	76	185	115	73	154	100
Deferred Waste & Stockpile Adjustments	US\$/oz	70	36	62	(24)	16	(10)	(47)	27	(23)
By-Product Credit*	US\$/oz	(128)	(1)	(95)	(184)	(2)	(119)	(180)	(2)	(121)
Cash Operating Cost	US\$/oz	574	1,160	727	774	1,219	932	620	1,075	770
Gold Royalty	US\$/oz	112	55	97	149	59	117	147	60	118
Total Cash Cost	US\$/oz	686	1,215	824	923	1,278	1,049	767	1,135	888
Depreciation & Amortisation - Operating	US\$/oz	203	971	400	217	747	406	185	695	354
Depreciation & Amortisation - Acquisition	US\$/oz	-	194	50	-	201	72	-	200	66
Total Production Cost	US\$/oz	889	2,380	1,274	1,140	2,226	1,527	952	2,030	1,308
Total Cash Cost per Tonne of Ore Treated	US\$/t	20.37	127.07	-	17.67	158.25	-	17.96	134.98	-
Revenue Summary										
Gold Sold	ounces	42,932	16,068	59,000	29,171	16,297	45,468	130,502	65,446	195,948
Silver Sold	ounces	283,027	834	283,861	211,488	1,019	212,507	953,504	3,466	956,970
Average Gold Price Received	US\$/oz	1,420	1,432	1,423	1,623	1,629	1,625	1,578	1,609	1,588
Average Silver Price Received	US\$/oz	23.2	23.6	23.2	29.7	29.5	29.7	28.1	29.0	28.1
Revenue from Metal Production	US\$m	67.5	23.0	90.6	53.6	26.6	80.2	232.7	105.4	338.2
Average Exchange Rate	\$/US\$			0.99			1.04			1.03

* Net of silver royalties.

OPERATIONAL PERFORMANCE

CHATREE GOLD MINE, THAILAND

Mining continued in areas of A Pit while Q Prospect development continued. Ore mined was 1,958,437 tonnes at a strip ratio of 1.0:1 (previous quarter 1.4:1). Mining of A Stage 2 continued to advance to access higher grade areas and the mining of a bulk sample of near-surface higher grade ore from Q Prospect.

The process plant treated 1,553,271 tonnes of ore at an average plant head grade of 1.01 grams per tonne gold to produce 46,053 ounces of gold. Gold produced included 3,521 ounces of gold recovered from gold-in-circuit resulting in a non-cash accounting increase in operating costs by US\$2.29/tonne. Silver production was 325,728 ounces. Gold recovery of 84.1% was higher than the previous quarter of 76.5%. Gold ore grade and recoveries improved throughout the quarter as a result of accessing the main ore body in A Pit and the introduction of Q Prospect ore through optimised blending. The slightly lower throughput in the June quarter reflects the current blending ratio of current ore sources. The overall plant has been operating at an annualised rate of 6.2 million tonnes per annum (“Mtpa”) due to the current blend ratio.

Stockpiled ore at close of quarter was 9,715,918 tonnes at 0.57 grams per tonne containing 178,085 ounces of gold.

There were no lost time incidents (LTI) or reportable environmental incidents at Chatree during the quarter.

CHATREE PLANT OPTIMISATION

Optimisation of all areas at both plants at Chatree continues with the aim of maximising plant throughputs, lowering operating costs and maximising recovery.

Conversion of the four carbon-in-leach tanks (CIL) at Plant #2 to carbon-in-pulp (CIP) tanks was delayed due to the late arrival of the tank screens. All other works were completed with the final installation of the remaining screens now expected to be in late July.

EXPLORATION - CHATREE

With the sharp fall in the gold price this quarter, exploration drilling focus has shifted to near surface oxide gold targets within the mining lease. Discovery of additional oxide gold mineralisation would have immediate benefits to the operation. Longer term exploration targets have been temporarily suspended whilst the drilling focuses on these shorter term oxide targets.

Through its Thai subsidiary, Issara Mining, the Kingsgate exploration team in Thailand will continue to operate with its most experienced technical workforce so retaining the capacity to explore both within and outside of the mining leases.



The Chatree plant by night

CHALLENGER GOLD MINE

A total of 1,690 metres of underground development was carried out during the quarter. Operating development advance was completed at Challenger West on the 870 level and finished the 175 M1, 2, 155 M1, 2 and the 870 OD1 levels. Capital development advance was in the Challenger West 870 decline, 850 incline and the 650 Access.

The main stoping levels during the quarter were the 195 M1 OD1, 195 M2 S2, 205 M2 S2, 890 CW OD1 and 960 M2 S3.

The coming quarter will continue to focus on mining high-grade Challenger West stopes, finishing the development on two high-grade Challenger West horizons and mine ore that has been developed in the Challenger Deeps section of the mine. All of these developments will allow access to more ore headings.

A newly structured mining contract will be implemented with a new mining contractor, Byrnescut, from 1 August 2013. The new contract will replace a "cost plus" contract that existed previously and will be replaced with a "Scheme of Rates" style contract which incentivises the contractor to outperform. The new contract is expected to deliver lower mining costs through a number of initiatives including a reduced workforce.

Depreciation and amortisation (D&A) charges were abnormally high this quarter and reflected amortisation of the high-cost underground development immediately below the '79 Fault at the base of the mine. With future mining primarily focused on Challenger West, and the anticipated impairment charge to the carrying value of Challenger, future D&A charges are anticipated to be substantially lower.

PROCESSING

During the June quarter, ore tonnes milled were lower than expected due to the low ore supply to the ROM pad from underground and a failure of the secondary crusher. Metallurgical recovery was in-line with the March quarter at 94.4%.

STRATEGIC OPERATIONAL REVIEW

The Challenger Gold Mine underwent a strategic review in response to recent gold price volatility and the operating performance over the last 12 months.

The key conclusions of the review were:

1. The underground mining operation will shift focus principally to the higher grade Challenger West ore body. Ore will continue to be sourced from a

combination of Challenger West, Challenger Main and Challenger Deeps over the next 12 months.

2. An interim mine plan will be implemented for the balance of the 2013/14 fiscal year to facilitate the move of mining operations principally to Challenger West, although some ore will continue to be sourced from the Challenger Main and Challenger Deeps portion of the mine. This will provide the time and flexibility to undertake a six month drill program to confirm the continuity of the Challenger West structure over the indicated 900 metres of plunge extension that also remains open at depth.
3. Following the transition to Challenger West, and a successful delineation of the down plunge extension of the ore body during the interim mining period, the new mine plan has the potential to produce at an annualised rate of between 70,000 and 80,000 ounces for the next two to three years, from mining of around 350,000 tonnes of ore.

Challenger will continue to focus on lowering costs and the new mine plan is expected to substantially reduce capital and operating expenditure through:

- A 30% reduction in mine development costs;
- A newly restructured mining contract with materially lower mining costs is to be implemented from 1 August 2013, following the end of the current mining contract;
- Mining of higher grade ore from Challenger West that has delivered a grade of 6.7g/t gold from mining to date; and,
- Manning levels reduced due to reduced underground development and lower mill throughput.

After a transition period of three months, Challenger is forecast to be cash flow positive after all operating and capital expenditure below current spot prices. To provide greater certainty to the operating plan and to minimise the revenue risk related to the volatility in the A\$ gold price, a gold hedging program of 50,000 ounces has been implemented at a delivery price of A\$1,435/ounce over the next 12 months.

RESOURCE DEVELOPMENT DRILLING

A total of 8,768 metres of underground development and exploration diamond drilling was carried out during the quarter. This was above budgeted levels due to good drilling efficiency and generally good ground conditions in the areas targeted. In addition, thirty-four



From the top of the Challenger gold plant

surface slim-line RC/RAB holes for 2,730m were drilled into three near mine targets. Significant intersections are summarised in Appendix A.

Challenger West

Delineation drilling of Challenger West from the 670 level (targeting 650 level) continued to return high grade intersections including 1.29 m @ 205.1 g/t (647 level) and 0.53 m @ 79.3 g/t (645 level). Drilling has identified four high grade limbs within this new position and development mining along these limbs has commenced on the 670 & 650 levels. In addition, Challenger West resource drilling beneath the base of reserves was completed from the 640 level and returned a number of intersections including 0.30 metres @ 136.4g/t gold (OD1 – 522 level) and 4.20 metres @ 31.4g/t gold (OD2 - 586 level). Additional drilling from the 1090 level (targeting 1050 to 930 level) has been undertaken with numerous visible gold intersections co-incident with the Challenger West shoots. Significant intercepts returned included 0.61 metres @ 34.7g/t gold (OD1 - 970 level).

Challenger 3 & Voyager

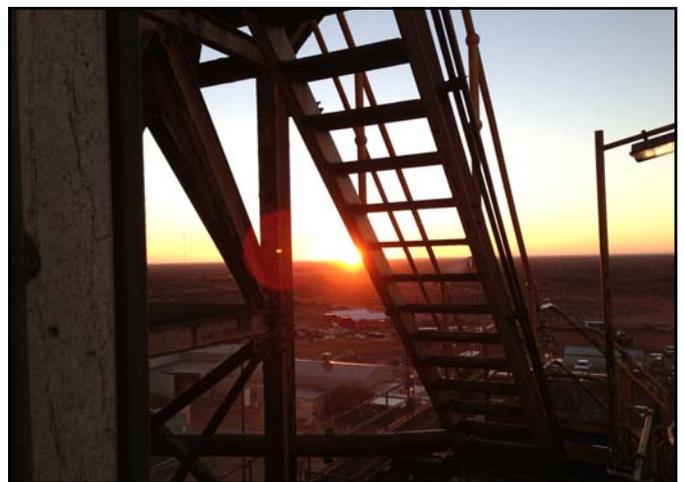
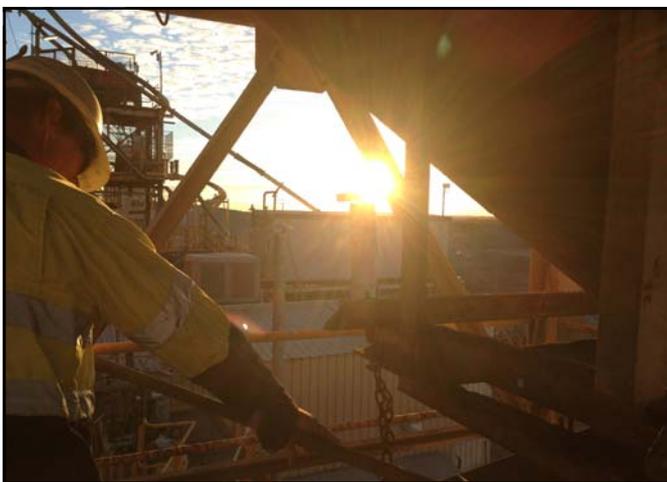
Challenger 3 was targeted with surface slim-line RC drilling to better define the modeled supergene resource, search for possible upgrades to primary mineralisation and to explore the greater Kelpie trend (in conjunction with the Voyager drilling). A peak intersection of 1.00m @ 25.6g/t was returned at Challenger 3 and 2.00m @ 5.28g/t at Voyager, both within supergene zones.

Challenger SSW

Vein quartz with some high grades were intersected in Challenger SSW as part of a small programme of surface slim-line RC drilling, which helped provide some more detail in this large and overall sparsely tested zone. The best intersection was 1.00m @ 9.5g/t.

SAFETY, ENVIRONMENT AND COMMUNITY

The site was 60 days LTI Free as at 30 June 2013.



Evening views from the top of the Challenger gold plant

NUEVA ESPERANZA PROJECT

Nueva Esperanza project work during the quarter was focussed on evaluating the optimum development route to reduce power requirements and capital costs, and progressing the environmental approvals for the project.

FEASIBILITY STUDY

Initial metallurgical test work was completed into the amenability of the Arqueros and Chimberos ores to heap leaching via column leach tests at ALS Metallurgy in Perth, Australia. Initial results show high recovery levels, approaching levels expected from a milling route, and short leaching cycles.

Arqueros ore was crushed to 4mm via three stage crushing which included High Pressure Grinding Rolls (HPGR) as the third stage. Following agglomeration and a 30 day column trial, the ores yielded recoveries of 78% for silver and 65% for gold. Importantly, there were high leach rates over the initial leach period.

Chimberos ore was crushed to 4mm via conventional crushing rather than HPGR. Recovery rates received were 75% for silver and 65% for gold. Further testwork is now planned on Chimberos ores using HPGR and it is anticipated that recovery levels are likely to be similar to that achieved for Arqueros.

An updated resource model for the Chimberos deposit is nearing completion that will incorporate the 4,596 metres of reverse circulation and diamond drilling completed during the quarter. Whilst results have not been finalised, it is likely that there will be a modest increase in the size of the resource and an increase in the gold grades.

Analysis is well advanced into the scoping study for the heap leach processing alternative (at either a 2mtpa or 4mt pa rate) which is building upon the significant detailed feasibility work already completed for the original milling option. Given the success of the recent metallurgical test results, the design is now incorporating all three identified deposits. Current

indications are for a significant reduction in capital costs compared to the original milling option. Furthermore, on site power generation unit costs are expected to be either at, or below, grid power costs which, when combined with the lower overall power requirements from a heap leach route, will have a significant positive impact on expected operating costs.

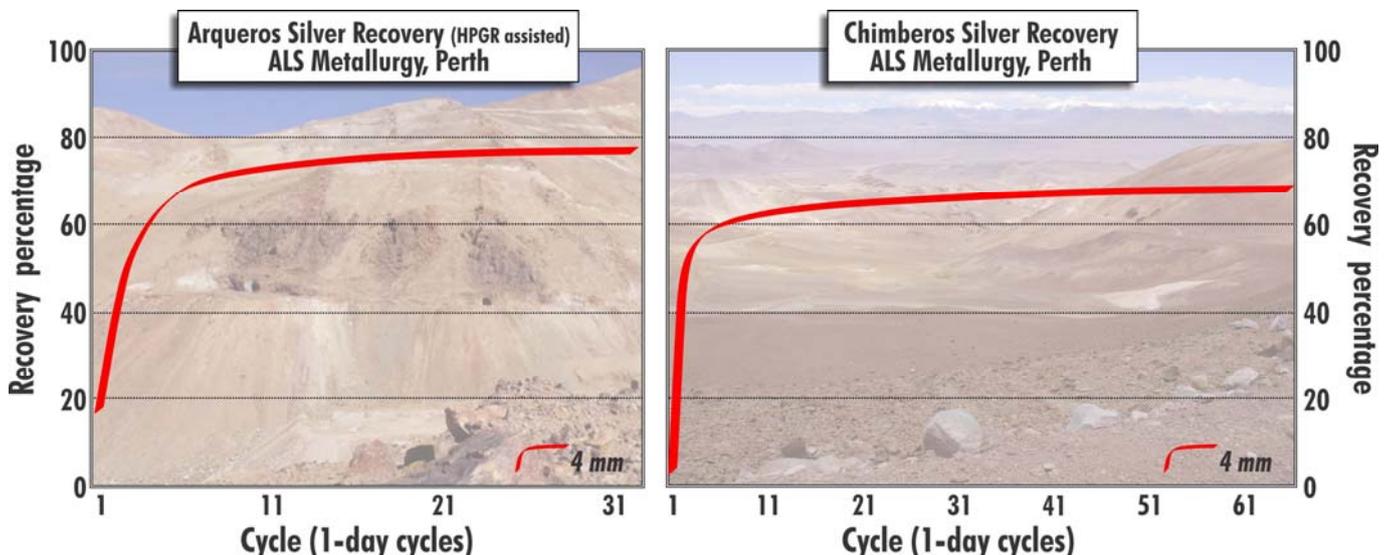
ENVIRONMENTAL LICENSING

Subsequent to the end of the quarter, Kingsgate received notification that the Environmental Impact Assessment (EIA) submission for the original Arqueros Project (now re-named Nueva Esperanza) had been approved by the Chilean Government following a rigorous process undertaken by the Copiapo environmental regulator ("SEA"). The EIA covers all environmental and social impacts and is a key element in the development of the project.

It is likely that if the processing route is changed to heap leach and on-site power generation becomes the preferred option, there will be requirements for the approval of a modification of the EIA via a DIA (Declaración de Impacto Ambiental). However, given this modification will build upon the work already completed and approved under the EIA, the time frame for receiving approvals is expected to be significantly less than the initial EIA.

PROJECT STATUS

Given the recent volatility in gold and silver prices, Kingsgate has reviewed the expenditure levels on the project. This has coincided with the previously planned winter shut down at site and the natural conclusion to several project work streams (e.g.: the EIA approval process). As a result, the project workforce has been reduced by approximately 60% and monthly expenditure levels during the current fiscal year are expected to be significantly less than incurred during the 2012/13 year. Furthermore, additional planned work will utilise existing in-house expertise where possible, minimising the use of outside consultants.



BOWDENS SILVER PROJECT

Engineering and permitting work continued at Bowdens during the quarter, focussing on the Definitive Feasibility Study (DFS) and the various aspects required for completion of the Environmental Impact Statement (EIS).

FEASIBILITY STUDY

The DFS has reached an advanced stage and incorporates the significant engineering, metallurgical and infrastructure work completed since project acquisition. Preliminary indications from this study support the technical robustness of a project designed with a 4 million tonne per annum throughput and a +10 year mine life. Initial production rates are expected to be around 8-9 million ounces per annum of silver equivalent. Furthermore, a low strip ratio and higher grade near-surface mineralisation are expected to positively impact overall project economics.

ENVIRONMENTAL LICENSING

The environmental and permitting work is being undertaken in line with the parameters outlined in the NSW Department of Planning's Director General's Requirements (DGR's) received in February 2013 which outline how the Environmental Impact Statement is to be prepared. Subsequent to this, additional requests were made by the Department which are to be included in the broader DGR's Requirements

Kingsgate is focussed on ensuring that the Bowdens EIS is completed to industry best practice and will incorporate all recent industry wide initiatives in relation to the preparation of EIS's. To that degree, Kingsgate is planning to increase the scope of its EIS to review and ameliorate any potentially adverse outcomes resulting from two recent NSW Land & Environmental Court rulings that saw operating mining leases overturned. Although these rulings were the result of a number of mitigating circumstances, Kingsgate wants to

ensure the Bowdens' EIS will include all potential areas of concern. As a result, completion of the EIS is not expected to occur before mid-2014.

PROJECT STATUS

Given the longer time period now expected for completion of the EIS, combined with recent volatility in the silver price, the decision has been taken to phase expenditure required to finalise the DFS and any associated technical work in order to align with the timing of the EIS. As a consequence the DFS is now not likely to be finalised before mid-2014. Therefore, it is anticipated that expenditure on the Bowdens project will be significantly reduced relative to what was incurred during the 2012/13 year.



Bowdens auger drilling

REGIONAL EXPLORATION - SAYABOULY PROJECT - LAO PDR

Exploration activity continued throughout the quarter with primary activities focused on ground geophysics, geological mapping and sampling of two additional trenches in the northern part of the multi-element soil anomaly. Assay results from the central portion of Trench 4 identified a broad-zone nickel mineralisation associated with the ultramafic rocks over widths of 51 metres (853-904m) @ 0.96% nickel including 12 metres (892-904m) @ 1.14% nickel.

In addition to the exploration activities along the copper and platinum group element (PGE) intrusive, surface soil geochemistry and ground geophysics has commenced in the area where rock chip sampling, last quarter, identified transported auriferous quartz veins with significant assays including 96.0g/t gold, 82.7g/t gold, 53.3g/t gold, 44.7g/t gold, 30.0g/t gold and 18.8g/t gold. Preliminary soil geochemistry in the area appears to be successfully mapping this mineralisation with peak gold in soil assays lying in close proximity to the quartz veins.



Kingsgate has implemented cost saving initiatives across all its operating and development projects as well as its administrative functions and exploration activities. This “Kingsgate Lean” program is in response to recent volatility in gold and silver prices. The initiatives are expected to deliver over A\$25 million in cost savings and include the following:

CORPORATE

Kingsgate is implementing a planned effective 20% reduction to Senior Executive remuneration and a 10% reduction in Director’s fees.

The Perth office was closed and all exploration personnel based in Perth became employees of Caravel Minerals following completion of the recent sale of Kingsgate’s Australian exploration assets. This will generate annual cost savings of \$1.5 million.

CHATREE

“The Chatree Lean” program was initiated in the March quarter and expected to deliver savings of around A\$2.5 million through:

- Renegotiated reagent supply contracts.
- Process plant optimisation phase 1.
- Modified grade control method.
- Savings from drill and blast optimisation.

CHALLENGER

“The Challenger Lean” program will result in significant cost savings through:

- Changing mining contractor and changing type of contract from 1 August 2013.
- Redesigned mine to take advantage of high grade Challenger West ore body.
- Optimised capital development and a reduction in underground development from +600m/month to ~450m/month.
- Reducing overall workforce from around 261 to 176.
- Renegotiating supply agreements.



Chatree, night mining

EXPLORATION

On-lease resource development drilling in Thailand and regional exploration activities have been significantly curtailed reducing annual expenditure by around \$7 million. This included reducing the exploration workforce at Issara Mining by 65%. Whilst these activities are integral to the long term growth of Chatree, the benefits are only likely to affect the medium to longer term rather than impacting current mine plan or design.

Through its Thai subsidiary, Issara Mining, the Kingsgate exploration team in Thailand will continue to operate with its most experienced technical work force so retaining the capacity to explore both within the mining lease and also outside of the mining lease.

NUEVA ESPERANZA

Project workforce has been reduced by 60% and several feasibility workstreams have now been completed. Project expenditure during the 2013/14 year is anticipated to be \$6 - \$8 million lower than that incurred last year.

BOWDENS

The recent re-alignment of the timetable of completion of the Definitive Feasibility Study to the Environmental Approval timeline will result in a deferral of project expenditure requirements. As a result, project expenditure during the 2013/14 year is anticipated to be \$7 - \$9 million lower than that incurred last year.



Chatree, night plant

APPENDIX A

CHALLENGER RESOURCE DEVELOPMENT DRILLING

UNDERGROUND DIAMOND DRILLING – CHALLENGER WEST

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
13CUD1123	200.31	200.61	0.30	136.36	522
13CUD1124	244.00	245.00	1.00	20.03	478
13CUD1129	161.82	163.58	1.76	17.67	763
13CUD1152	182.70	186.91	4.21	31.35	586
13CUD1179	128.39	129.00	0.61	37.51	970
13CUD1196	133.46	133.76	0.30	74.30	643
13CUD1196	117.33	117.86	0.53	79.33	645
13CUD1197	115.00	116.29	1.29	205.10	647
13CUD1197	108.70	109.00	0.30	75.51	648

SURFACE RC DRILLING – CHALLENGER 3

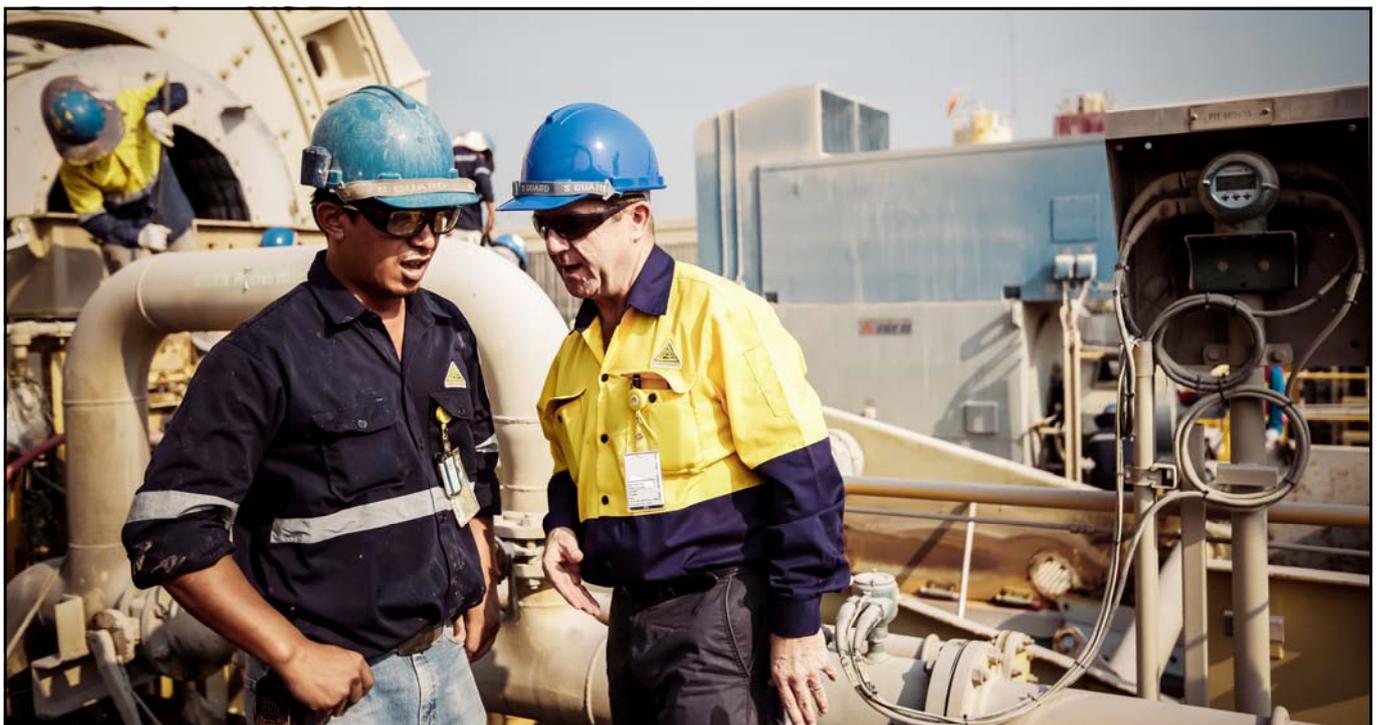
Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
13CDRC0452	10.00	11.00	1.00	25.56	1185

SURFACE RC DRILLING – VOYAGER

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
13CDRC0455	28.00	30.00	2.00	5.28	1160

SURFACE RC DRILLING – CHALLENGER SOUTH SOUTH WEST

Hole No.	From (m)	To (m)	Interval (m)	Au (g/t)	Midpoint (m RL)
13CDRC0464	129.00	130.00	1.00	9.46	1075



Mike Monahan (right), hands-on General Manager at Chatree

KINGSGATE CONSOLIDATED LIMITED

BOARD OF DIRECTORS

Ross Smyth-Kirk
Chairman

Gavin Thomas
Managing Director and Chief Executive Officer

Peter Alexander
Non-Executive Director

Craig Carracher
Non-Executive Director

Peter McAleer
Non-Executive Director

COMPANY SECRETARY

Ross Coyle

SENIOR MANAGEMENT TEAM

Duane Woodbury
Chief Financial Officer

Tim Benfield
Chief Operating Officer

Ross Coyle
General Manager Finance and Administration

Joel Forwood
General Manager Corporate & Markets

Ron James
General Manager, Exploration & Resources Development

Brett Dunstone
General Manager, Human Resources

Pakorn Sukhum
Chief Executive Officer, Akara Mining Limited

REGISTERED OFFICE

Kingsgate Consolidated Limited
Suite 801, Level 8, 14 Martin Place
Sydney NSW 2000, Australia
Phone: (61 2) 8256 4800
Facsimile: (61 2) 8256 4810
Email: info@kingsgate.com.au
Website: www.kingsgate.com.au

EXCHANGE LISTING

ASX:KCN

ISSUED SHARE CAPITAL

Kingsgate has 152,191,905 ordinary shares on issue, 4,833,334 unlisted options, 287,711 Deferred Rights and 343,410 Performance Rights.

QUARTERLY SHARE PRICE ACTIVITY

QUARTER	HIGH	LOW	LAST
March 2007	\$4.94	\$3.47	\$4.75
June 2007	\$6.06	\$4.57	\$5.55
September 2007	\$5.70	\$4.06	\$5.37
December 2007	\$5.74	\$3.87	\$4.65
March 2008	\$5.41	\$3.34	\$4.40
June 2008	\$5.69	\$3.69	\$5.23
September 2008	\$6.30	\$3.78	\$4.64
December 2008	\$4.85	\$2.20	\$3.54
March 2009	\$5.38	\$3.20	\$5.22
June 2009	\$7.11	\$4.93	\$6.70
September 2009	\$8.39	\$6.26	\$8.14
December 2009	\$10.30	\$7.30	\$9.21
March 2010	\$10.00	\$8.30	\$8.51
June 2010	\$10.86	\$8.14	\$9.47
September 2010	\$12.22	\$9.18	\$11.60
December 2010	\$12.15	\$10.00	\$10.88
March 2011	\$10.81	\$7.45	\$8.69
June 2011	\$9.06	\$7.08	\$8.00
September 2011	\$9.39	\$6.73	\$7.18
December 2011	\$7.97	\$5.69	\$5.70
March 2012	\$8.04	\$5.99	\$6.40
June 2012	\$5.91	\$4.85	\$4.85
September 2012	\$6.09	\$3.95	\$6.04
December 2012	\$6.12	\$4.36	\$4.40
March 2013	\$5.06	\$3.32	\$3.89
June 2013	\$4.00	\$1.265	\$1.265

SHARE REGISTRY

Security Transfer Registrars Pty Ltd

770 Canning Highway, Applecross, WA 6153 Australia.
PO Box 535, Applecross, WA 6953 Australia.
Phone: (61 8) 9315 2333 Facsimile: (61 8) 9315 2233
Email: registrar@securitytransfer.com.au
Please direct all shareholding enquiries to the share registry.

COMPETENT PERSONS STATEMENTS

In this report, information concerning Thailand operations relates to Exploration Results, Mineral Resources and Ore Reserve estimates based on information compiled by the following Competent Persons: Ron James, Brendan Bradley, Kevin Woodward and Suphanit Suphananthi who are employees of the Kingsgate Group. All except Brendan Bradley are members of The Australasian Institute of Mining and Metallurgy; Brendan Bradley is a member of the Australian Institute of Geoscientists. These people qualify as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 edition) and possess relevant experience in relation to the mineralisation of being reported herein as Exploration Results, Mineral resources and Ore reserves. Each Competent Person has consented to the Public reporting of these statements and the inclusion of the material in the form and context in which it appears.

In this report, the information concerning Challenger operations that relates to Exploration Results, Mineral Resources and Ore Reserves estimates based on information compiled by Paul Androvic and Ron James who are full-time employees of the Kingsgate Group. Paul Androvic and Ron James are members of The Australasian Institute of Mining and Metallurgy. These persons have sufficient experience that is relevant to the mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Paul Androvic and Ron James consent to the inclusion in the report of the matters based on their information in the form in which it appears.

The information in this report that relates to Bowdens and Nueva Esperanza Mineral Resource estimation is based on work completed by Jonathon Abbott who is a full-time employee of MPR Geological Consultants and a member of the Australasian Institute of Geoscientists. Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to data quality, comments on the resource estimates and economic potential of the estimated resources for Bowdens and Laguna Nueva Esperanza is based on information compiled by Ron James, a member of the Australasian Institute of Mining and Metallurgy. Mr James has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.